against the visit of delegation and Union Government's move in this regard; and

(d) if so, the details and Government's reaction to the apprehension of the employees of losing jobs etc. in the event of privatisation of this sector?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) to (d) The International Insurance Council (IIC), Washington, USA, organised a Trade Mission consisting of U.S. insurance companies to India from 28th January to 4th February. 1995. The purpose of the visit, *inter* alia, was to understand the economic, trade, and business policies of the Indian Government and assess the market potential and opportunities for participating in the insurance business in India. The delegation did not hold any discussions with the officials of the Indian Government. Some employees of the Life Insurance Corporation of India (LIC) and General Insurance Corporation of India (GIC) staged a dharna to protest against this visit outside the Jeevan Bharti Building. Connaught Place, New Delhi on 30th January, 1995. The Government is yet to take a view on the recommendation made by the Malhotra Committee regarding entry of private sector into the insurance industry. All relevant aspects will be kept in mind while taking a final view in the matter.

UK team Probing fraud against four Indian Banks

*12. SHRI VIREN J. SHAH:
SHRI PRAMOD MAHAJAN:

Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to a newsitem which appeared in the Observer of September 22, 1994 under the caption, "UK team probing fraud against four Indian Banks";

(b) if so, what are the fact and the relevant details in this regard in respect of each bank;

(c) how much amount is involved in this fraud and when and how it was detected and waht concrete steps were taken since then to investigate the fraud and what is the outcome of this investigation and further action taken thereon;

(d) whether it is a fact that though the managements of these banks were aware of the frauds in the Eighties. yet they tried to hush it up; if so, what are the facts in this regard and what action has been taken or is proposed to be taken against the concerned authorities;

(e) what has been the role of the Reserve Bank of India in detecting such frauds, and the number of fraud cases which have come to Government's notice during each of the last three years and the action taken in each case; and

(f) what is the extent of losses suffered by each bank?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) to (d) Government have seen the newsitem referred to in the Question. Reserve Bank of India (RBI) have reported that a fraud was perpetrated on Bank of Baroda, Bank of ndia, Syndicate Bank, Canara Bank and UCO Bank by Letap Group of Companies operating from U.K. The fraud was perpetrated by bogus bills of exchange, bogus bills of lading, etc.

The accounts of Letap Group of Companies became irregular in 1991

and the guarantors also became insolvent in 1992. The banks appointed liquidators for recovery of their dues. After the fraud came to the banks' notice in 1991-1992, they lodged a complaint with the Serious Fraud Office (S.F.O.) of U.K. who have initiated necessary investigation in the matter.

As on 31-3-94, the amounts outstanding in accounts of LETAP Group of Companies in respect of each of the above five banks are as under:—

	Outstanding Amount
(1) Bank of India	US $ 5.667 millions
(2) Bank of Baroda	US $ 5 048 millions
(3) Syndicate Bank	US $ 1.876 millions
(4) Canara Bank	US $ 0.898 millions
(5 UCO Bank	Nil (Bank recovered its dues) £ 213,000

(e) and (f) RBI monitors the operation of the foreign branches of Indian banks through quarterly control reports obtained from them and also by conducting on site inspections. RBI also liase with the supervisory authorities of those countries for monitoring the branches. Whenever frauds come to the notice of RBI. the matter is taken up with the banks and the supervisory authorities as the case may be for suitable action.

The information as furnished by RBI relating to frauds at overseas branches of Indian public sector banks involving Rs. 1.00 crore and above during the last three years i.e. 1992—94 (excluding frauds in Letap Group of Accounts) is given below:—

Sl. No	Name of the Bank	Amount involved (Rs. in lakhs)	Action taken
1.	Bank of India (Singapore)	2298.24	In one case, 3 Bank officials dismissed and one official jailed for 10 years and in another case, the proprietor has been jailed for 6 years
2.	Indian Overseas Bank (Singaprore)	133.00	Suit filed and proprietor has been declared bankrupt.
3.	Bank of India (New York)	2690.00	CBI is investigating in 4 of the 5 cases. In one case US Govt. initiated criminal action against the owner of the Group Companies.
4.	UCO Bank (Singapore)	135.54	No staff found involved. Bank has lodged a criminal complaint with CAD, Singapore.